

AGENCY OVERVIEW**601 Department of Commerce****Date:** 01/13/2011**Time:** 10:58:14**Statutory Authority**

North Dakota Century Code Chapters 4-14.1 and 10-30.5, 54-34.3, 54-34.4, 54-44.5, 54-60, 54-62.

Agency Description

The North Dakota Department of Commerce has four divisions: Community Services, Economic Development & Finance, Tourism and Workforce Development that work together to expand the economy of North Dakota, support community development and provide services to low income people.

Our challenge is to make North Dakota a better place to live, work, do business, and play, for all of the people that choose to make North Dakota their home.

Agency Mission Statement

- The Department of Commerce's Mission is to be the lead agency responsible for attracting, retaining, and expanding wealth in North Dakota.
- The Department of Commerce's Vision is to improve the quality of life for the people of North Dakota.
- The Department of Commerce's Values are to contribute to a high-trust, innovate, focused and accountable team.

Agency Performance Measures

NORTH DAKOTA ECONOMIC DEVELOPMENT PERFORMANCE MEASURES

2002 2003 2004 2005 2006 2007 2008 2009

Share of local development organizations participating in Annual Marketing & Communications Survey							40%	
Share of local development organizations participating in Commerce sponsored marketing, tourism, & community development activities							83%	
Academic R&D Expenditures as a percent of Gross State Product	0.50%	0.60%	0.70%	0.60%	0.60%	0.60%	0.60%	

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Industry R&D Expenditures as a percent of Gross State Product	0.80%	1.00%	1.70%	0.40%	0.50%	0.40%		
Net Job Growth	150	2,800	5,250	6,850	7,500	6,200	8,600	-1,000
New Private Sector Businesses	98	365	625	639	429	-324	395	-53
Average Annual Wage	\$26,550	\$27,629	\$28,987	\$29,955	\$31,316	\$33,086	\$35,075	\$35,970
Per Capita Personal Income	\$27,364	\$29,755	\$30,334	\$32,346	\$33,585	\$36,678	\$39,874	\$39,530
Net Migration	-3,797	-1,962	1,964	-2,861	-1,088	-1,570	-203	1,896
Population Change	-2,650	-808	3,494	-938	1,406	1,431	3,219	5,423
Advertising Equivalency of National/ Out of State Media Exposures							\$8.7 M	\$7.3 M
Number of Leads Generated by Commerce		99		96		55	46	
Net Job Growth in Manufacturing	-350	-150	1,050	1,300	100	100	300	-2,800
Net Job Growth in Business Services	1,150	800	650	1,150	1,100	900	1,200	-500

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Net Job Growth in Leisure and Hospitality	450	100	800	450	400	1,300	700	500
Net Job Growth in Healthcare Services	650	950	550	700	900	900	1,100	1,100
New Private Sector Businesses in Manufacturing	-9	10	26	18	11	-25	-6	-7
New Private Sector Businesses in Business Services	74	78	175	141	103	-21	171	40
Number of Utility Patents per 100,000	11.4	8.6	8.3	11.5	10.3	12.8	9.8	12.8
Gross Domestic Product by State (Annual Growth Rate)	7.30%	9.00%	4.90%	6.80%	4.60%	12.30%	9.40%	
Merchandise Export Value (per capita - based on 2000 census = 642,200)	\$1,340	\$1,327	\$1,578	\$1,856	\$2,366	\$3,187	\$4,317	\$3,391

Major Accomplishments

1. Developed 15 new primary sector projects during the 2007-09 biennium.
2. Developed nine new primary sector projects during the first year of the 2009-11 biennium.
3. Brought \$204.0 million new dollars from visitor expenditures into North Dakota in 2007 through the Division of Tourism's media advertising at a cost \$1.7 million, resulting in a 123:1 return on investment.
4. Achieved positive revenue per available hotel room in 2009, up by 5.8 percent (national average -16.7 percent). North Dakota was the only state in the nation to achieve this revenue level.

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5. Measured strong increases in National and State Park visitation, airline boardings and lodging tax collected. North Dakota State University research indicated Tourism's contribution to the state's economy grew 2.1 percent with \$4.130 billion spent by visitors in 2008. This moves the tourism industry to the third strongest contributor behind Agriculture (\$8.16) and Oil (\$5.49).
6. Led effort to improve North Dakota's statewide energy policy through Empower ND Commission.
7. Led efforts in growth of and accountability for the Centers of Excellence program.
8. Led efforts to attract, retain and expand workforce through state-based job fairs, Operation Intern, Career Awareness and strategic workforce policy development.
9. Developed a strategic operations plan for Commerce, which focuses the department on two internal and two external areas, namely: business, community and industry development; workforce and volunteer attraction, retention and expansion; employee satisfaction, contributions and growth; and operations.
10. Led efforts to assist out-of-state job seekers in relocation to North Dakota. Direct impact of 184 individuals and families relocated from July 2008 - July 2010, and indirect impact of 6,620 individuals in calendar year 2009.
11. Administered Operation Intern program to connect North Dakota students with North Dakota careers via internship placements. As of July 2010, nearly 40 students have secured full-time employment with a North Dakota company following their internship experience.
12. Led enhancement of the state's image through national and international media placements. Since 2003, assisted or directly pitched over 475 stories with a positive tone including front page or primetime coverage with the Wall Street Journal, New York Times, Bloomberg, NBC Nightly News, The Economist, People and Newsweek magazines and more.

Future Critical Issues

1. Consistent and transparent communication to the citizens of North Dakota. It is vital that we continue to build upon the positive image of North Dakota that has been cultivated through Department of Commerce efforts, both within and outside of our state boundaries.
2. Financial resources to provide essential services to our customers. The Department of Commerce is operating at peak capacity. In order to implement any new programs, positive adjustments will need to be made to our financial resources and staffing.
3. Strengthening the cooperative efforts between the Department and all of its partners. The Department of Commerce has established a cooperative spirit with its various partners, both private and public. It is of great importance to continue to focus on long-term strategies for economic development, community development & workforce development.
4. A new strategic plan has been launched in 2010 by the Hoeven Administration and the Economic Development Foundation. Value-added Agriculture, Advanced Manufacturing, Energy, Technology-Based Business, and Tourism remain targets for industry development. In addition five key strategic initiatives remain critical to the states economic growth. These include: maintaining a strong business climate, supporting entrepreneurs, workforce development, commercializing university-based research, and international trade. We also need to continue aggressive and cooperative work with local communities to develop industries that are a match with each respective community.
5. Increase our efforts in regard to measurements. In order to better represent to the constituents, the enormous value of the work performed by the Department, we must continue to expand and improve upon our efforts to provide better measurements of our progress.
6. Address crucial workforce and infrastructure development issues. Due to the growth that is occurring in the state economy, particularly in energy development, we are continually faced with a wide variety of workforce and infrastructure issues. It is important that the Department of Commerce is appropriately positioned to deal with these issues as they surface.

REQUEST SUMMARY

601 Department of Commerce

Biennium: 2011-2013

Bill#: HB1018

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
By Major Program					
Commerce Administration	8,043,888	10,205,420	(288,051)	9,917,369	460,762
Innovation and Strategic Initiatives	684,363	21,976,641	(19,911,095)	2,065,546	19,954,883
North Dakota Tourism	8,821,385	11,569,674	(2,083,407)	9,486,267	1,056,800
ND Workforce Development	2,942,056	3,768,852	(742,426)	3,026,426	2,275,000
Economic Development and Finance	7,991,915	8,374,714	(1,996,858)	6,377,856	262,958
Division of Community Services	38,949,350	143,148,487	(81,875,523)	61,272,964	24,961,198
Total Major Program	67,432,957	199,043,788	(106,897,360)	92,146,428	48,971,601
By Line Item					
Salaries and Wages	8,474,767	10,020,840	275,040	10,295,880	13,728
Operating Expenses	12,653,184	14,498,572	(621,922)	13,876,650	1,108,750
Capital Assets	24,765	25,000	45,018	70,018	0
Grants	37,174,079	74,011,058	(14,033,064)	59,977,994	870,000
ND Development Fund	3,000,000	1,299,700	(1,299,700)	0	400,000
Discretionary Grants	1,491,369	1,463,282	(535,200)	928,082	(27,842)
Workforce Enhancement Fund	0	1,000,000	(1,000,000)	0	1,600,000
Economic Develop Initiatives	921,578	186,846	0	186,846	(5,605)
Agric. Products Util. Comm. (APUC)	2,043,215	3,433,953	(709,039)	2,724,914	(50,599)
Centers of Excellence Grants	0	19,500,000	(19,500,000)	0	20,000,000
North Dakota Trade Office	1,500,000	2,064,000	0	2,064,000	427,080
Partner Programs	100,000	2,022,044	0	2,022,044	139,339
Equine Processing Study	0	50,000	(50,000)	0	0
Federal Stimulus Funds - 2009	0	69,468,493	(69,468,493)	0	24,496,750
Economic Development Grants	50,000	0	0	0	0
Total Line Items	67,432,957	199,043,788	(106,897,360)	92,146,428	48,971,601
By Funding Source					
General Fund	26,950,620	59,470,541	(31,320,991)	28,149,550	24,474,851
Federal Funds	35,208,484	130,258,489	(74,984,626)	55,273,863	24,496,750
Special Funds	5,273,853	9,314,758	(591,743)	8,723,015	0
Total Funding Source	67,432,957	199,043,788	(106,897,360)	92,146,428	48,971,601
Total FTE	66.00	68.00	0.00	68.00	0.25

REQUEST DETAIL

601 Department of Commerce
Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Salaries and Wages					
Salaries - Permanent	6,146,084	7,020,600	374,800	7,395,400	0
Temporary Salaries	264,529	187,230	105,586	292,816	12,480
Overtime	29,369	6,000	(6,000)	0	0
Fringe Benefits	2,034,785	2,807,010	(199,346)	2,607,664	1,248
Total	8,474,767	10,020,840	275,040	10,295,880	13,728

Salaries and Wages

General Fund	6,235,870	7,540,510	166,681	7,707,191	13,728
Federal Funds	1,601,222	1,833,589	(10,535)	1,823,054	0
Special Funds	637,675	646,741	118,894	765,635	0
Total	8,474,767	10,020,840	275,040	10,295,880	13,728

Operating Expenses

Travel	760,612	1,093,467	(34,301)	1,059,166	(33,724)
Supplies - IT Software	45,433	72,350	(11,875)	60,475	(6,890)
Supply/Material-Professional	101,318	142,466	(21,900)	120,566	0
Food and Clothing	2,431	4,150	0	4,150	(304)
Miscellaneous Supplies	85,943	297,772	7,660	305,432	(1,200)
Office Supplies	107,519	69,306	(5,942)	63,364	(990)
Postage	501,446	528,658	(38,870)	489,788	(27,064)
Printing	770,657	788,842	(18,350)	770,492	(61,900)
IT Equip Under \$5,000	61,151	97,713	(12,491)	85,222	(5,600)
Other Equip Under \$5,000	911	3,000	0	3,000	0
Office Equip & Furn Supplies	46,850	28,100	6,800	34,900	0
Insurance	8,597	22,845	226	23,071	0
Rentals/Leases-Equip & Other	17,743	21,406	2,874	24,280	0
Rentals/Leases - Bldg/Land	528,822	526,058	44,152	570,210	(2,300)
Repairs	10,619	15,560	(8,696)	6,864	(94)
IT - Data Processing	214,543	159,447	44,219	203,666	0
IT - Communications	130,368	139,417	5,958	145,375	(2,206)
IT Contractual Svcs and Rprs	237,908	165,388	25,365	190,753	(3,900)
Professional Development	493,984	475,334	3,357	478,691	(11,450)
Operating Fees and Services	6,310,948	8,075,054	(408,426)	7,666,628	1,284,301
Fees - Professional Services	2,215,381	1,772,239	(201,682)	1,570,557	(17,929)
Total	12,653,184	14,498,572	(621,922)	13,876,650	1,108,750

Operating Expenses

General Fund	11,410,704	11,886,111	(12,154)	11,873,957	1,108,750
Federal Funds	755,333	1,131,728	(124,131)	1,007,597	0

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601 Department of Commerce
Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Special Funds	487,147	1,480,733	(485,637)	995,096	0
Total	12,653,184	14,498,572	(621,922)	13,876,650	1,108,750
Capital Assets					
Equipment Over \$5000	24,765	25,000	4,018	29,018	0
Motor Vehicles	0	0	35,000	35,000	0
IT Equip/Sftware Over \$5000	0	0	6,000	6,000	0
Total	24,765	25,000	45,018	70,018	0
Capital Assets					
General Fund	24,765	0	0	0	0
Federal Funds	0	25,000	45,018	70,018	0
Special Funds	0	0	0	0	0
Total	24,765	25,000	45,018	70,018	0
Grants					
Grants, Benefits & Claims	36,360,616	74,011,058	(14,033,064)	59,977,994	870,000
Transfers Out	813,463	0	0	0	0
Total	37,174,079	74,011,058	(14,033,064)	59,977,994	870,000
Grants					
General Fund	784,090	10,312,379	(8,631,579)	1,680,800	870,000
Federal Funds	32,781,851	57,499,679	(5,426,485)	52,073,194	0
Special Funds	3,608,138	6,199,000	25,000	6,224,000	0
Total	37,174,079	74,011,058	(14,033,064)	59,977,994	870,000
ND Development Fund					
Grants, Benefits & Claims	3,000,000	1,299,700	(1,299,700)	0	400,000
Total	3,000,000	1,299,700	(1,299,700)	0	400,000
ND Development Fund					
General Fund	3,000,000	1,299,700	(1,299,700)	0	400,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	3,000,000	1,299,700	(1,299,700)	0	400,000
Discretionary Grants					
Professional Development	5,000	0	0	0	0
Operating Fees and Services	10,000	0	0	0	0

REQUEST DETAIL

601 Department of Commerce
Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Grants, Benefits & Claims	1,476,369	1,463,282	(535,200)	928,082	(27,842)
Total	1,491,369	1,463,282	(535,200)	928,082	(27,842)

Discretionary Grants

General Fund	1,491,369	1,463,282	(535,200)	928,082	(27,842)
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,491,369	1,463,282	(535,200)	928,082	(27,842)

Workforce Enhancement Fund

Grants, Benefits & Claims	0	1,000,000	(1,000,000)	0	1,600,000
Total	0	1,000,000	(1,000,000)	0	1,600,000

Workforce Enhancement Fund

General Fund	0	1,000,000	(1,000,000)	0	1,600,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	1,000,000	(1,000,000)	0	1,600,000

Economic Develop Initiatives

Salaries - Permanent	86,184	0	0	0	0
Fringe Benefits	27,349	0	0	0	0
Travel	13,914	0	0	0	0
Miscellaneous Supplies	130	0	0	0	0
Postage	138	0	0	0	0
Printing	657	0	0	0	0
IT Equip Under \$5,000	3,111	0	0	0	0
Rentals/Leases-Equip & Other	160	0	0	0	0
Rentals/Leases - Bldg/Land	4,230	0	0	0	0
IT - Data Processing	830	0	0	0	0
IT - Communications	2,294	0	0	0	0
IT Contractual Svcs and Rprs	15,000	0	0	0	0
Professional Development	1,957	0	0	0	0
Operating Fees and Services	735,624	186,846	0	186,846	(5,605)
Fees - Professional Services	30,000	0	0	0	0
Total	921,578	186,846	0	186,846	(5,605)

Economic Develop Initiatives

General Fund	883,834	186,846	0	186,846	(5,605)
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Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Federal Funds	0	0	0	0	0
Special Funds	37,744	0	0	0	0
Total	921,578	186,846	0	186,846	(5,605)

Agric. Products Util. Comm. (APUC)

Salaries - Permanent	192,336	200,241	2,167	202,408	0
Fringe Benefits	64,054	85,818	(12,090)	73,728	0
Travel	29,073	33,000	1,460	34,460	0
Supplies - IT Software	619	500	250	750	0
Supply/Material-Professional	1,058	600	1,400	2,000	0
Miscellaneous Supplies	217	3,350	(850)	2,500	0
Office Supplies	980	1,000	1,000	2,000	0
Postage	699	1,188	12	1,200	0
Printing	1,816	5,000	(2,500)	2,500	0
IT Equip Under \$5,000	3,298	2,000	1,200	3,200	0
Rentals/Leases - Bldg/Land	10,480	10,277	1,723	12,000	0
IT - Data Processing	2,152	5,852	0	5,852	0
IT - Communications	4,673	4,828	0	4,828	0
Professional Development	8,707	15,000	0	15,000	0
Operating Fees and Services	412	9,195	(3,695)	5,500	0
Fees - Professional Services	0	5,000	0	5,000	0
Grants, Benefits & Claims	1,717,641	3,051,104	(699,116)	2,351,988	(50,599)
Transfers Out	5,000	0	0	0	0
Total	2,043,215	3,433,953	(709,039)	2,724,914	(50,599)

Agric. Products Util. Comm. (APUC)

General Fund	1,469,988	2,145,669	(459,039)	1,686,630	(50,599)
Federal Funds	70,078	300,000	0	300,000	0
Special Funds	503,149	988,284	(250,000)	738,284	0
Total	2,043,215	3,433,953	(709,039)	2,724,914	(50,599)

Centers of Excellence Grants

Fees - Professional Services	0	50,000	(50,000)	0	0
Grants, Benefits & Claims	0	19,450,000	(19,450,000)	0	20,000,000
Total	0	19,500,000	(19,500,000)	0	20,000,000

Centers of Excellence Grants

General Fund	0	19,500,000	(19,500,000)	0	20,000,000
Federal Funds	0	0	0	0	0

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Special Funds	0	0	0	0	0
Total	0	19,500,000	(19,500,000)	0	20,000,000
North Dakota Trade Office					
Operating Fees and Services	1,500,000	1,991,719	0	1,991,719	427,080
Grants, Benefits & Claims	0	72,281	0	72,281	0
Total	1,500,000	2,064,000	0	2,064,000	427,080
North Dakota Trade Office					
General Fund	1,500,000	2,064,000	0	2,064,000	427,080
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,500,000	2,064,000	0	2,064,000	427,080
Partner Programs					
Operating Fees and Services	100,000	100,000	0	100,000	197,000
Fees - Professional Services	0	950,000	0	950,000	(28,500)
Grants, Benefits & Claims	0	972,044	0	972,044	(29,161)
Total	100,000	2,022,044	0	2,022,044	139,339
Partner Programs					
General Fund	100,000	2,022,044	0	2,022,044	139,339
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	100,000	2,022,044	0	2,022,044	139,339
Equine Processing Study					
Travel	0	2,000	(2,000)	0	0
Fees - Professional Services	0	48,000	(48,000)	0	0
Total	0	50,000	(50,000)	0	0
Equine Processing Study					
General Fund	0	50,000	(50,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	50,000	(50,000)	0	0
Federal Stimulus Funds - 2009					
Salaries - Permanent	0	545,000	(545,000)	0	0

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Temporary Salaries	0	80,000	(80,000)	0	226,800
Overtime	0	5,000	(5,000)	0	0
Fringe Benefits	0	196,000	(196,000)	0	22,680
Travel	0	65,100	(65,100)	0	0
Supplies - IT Software	0	15,100	(15,100)	0	0
Supply/Material-Professional	0	5,000	(5,000)	0	0
Miscellaneous Supplies	0	100	(100)	0	0
Office Supplies	0	1,100	(1,100)	0	0
Postage	0	1,000	(1,000)	0	0
Printing	0	500	(500)	0	0
IT Equip Under \$5,000	0	9,000	(9,000)	0	0
Other Equip Under \$5,000	0	10,000	(10,000)	0	0
Office Equip & Furn Supplies	0	2,000	(2,000)	0	0
Rentals/Leases - Bldg/Land	0	10,000	(10,000)	0	0
IT - Communications	0	6,000	(6,000)	0	0
IT Contractual Svcs and Rprs	0	60,000	(60,000)	0	0
Professional Development	0	10,200	(10,200)	0	0
Operating Fees and Services	0	320,000	(320,000)	0	791,000
Fees - Professional Services	0	10,000	(10,000)	0	0
Grants, Benefits & Claims	0	68,117,393	(68,117,393)	0	23,456,270
Total	0	69,468,493	(69,468,493)	0	24,496,750

Federal Stimulus Funds - 2009

General Fund	0	0	0	0	0
Federal Funds	0	69,468,493	(69,468,493)	0	24,496,750
Special Funds	0	0	0	0	0
Total	0	69,468,493	(69,468,493)	0	24,496,750

Economic Development Grants

Grants, Benefits & Claims	50,000	0	0	0	0
Total	50,000	0	0	0	0

Economic Development Grants

General Fund	50,000	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	50,000	0	0	0	0

Funding Sources

REQUEST DETAIL

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Biennium: 2011-2013

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
General Fund	26,950,620	59,470,541	(31,320,991)	28,149,550	24,474,851
Federal Funds	35,208,484	130,258,489	(74,984,626)	55,273,863	24,496,750
Special Funds	5,273,853	9,314,758	(591,743)	8,723,015	0
Total Funding Sources	67,432,957	199,043,788	(106,897,360)	92,146,428	48,971,601

CHANGE PACKAGE SUMMARY

601 Department of Commerce

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Bill#: HB1018

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<u>Base Budget Changes</u>						
One Time Budget Changes						
A-E 8 Remove Prior beinnium one-time approp.		0.00	(30,481,500)	(68,642,493)	0	(99,123,993)
Total One Time Budget Changes		0.00	(30,481,500)	(68,642,493)	0	(99,123,993)
Ongoing Budget Changes						
A-A 1 Miscellaneous Changes		0.00	89,011	(55,533)	(18,472)	15,006
A-A 2 Operation Changes		0.00	(102,444)	(5,695,083)	(442,165)	(6,239,692)
A-A 22 Carryover Appn. Adjustment		0.00	(994,239)	0	0	(994,239)
A-A 3 Program Changes		0.00	(77)	270,018	(250,000)	19,941
A-F 9 Remove capital assets		0.00	0	(25,000)	0	(25,000)
Base Payroll Change		0.00	168,258	(836,535)	118,894	(549,383)
Total Ongoing Budget Changes		0.00	(839,491)	(6,342,133)	(591,743)	(7,773,367)
Total Base Budget Changes		0.00	(31,320,991)	(74,984,626)	(591,743)	(106,897,360)
<u>Optional Budget Changes</u>						
One Time Optional Changes						
A-D 19 Centers of Excellence	3	0.00	20,000,000	0	0	20,000,000
A-D 18 Workforce Enhancement Fund	4	0.00	1,600,000	0	0	1,600,000
A-D 12 Childcare Program	5	0.00	920,338	0	0	920,338
A-D 21 American Indian Business Office	6	0.00	200,000	0	0	200,000
A-D 16 Trade Office	9	0.00	489,000	0	0	489,000
A-D 17 Skill upgrade program	11	0.00	400,000	0	0	400,000
A-D 11 ARRA Optional Request	12	0.00	0	24,496,750	0	24,496,750
Total One Time Optional Changes		0.00	23,609,338	24,496,750	0	48,106,088
Ongoing Optional Changes						
A-C 20 Tourism FTE	2	0.25	0	0	0	0
A-C 14 Jobs for America's Graduates	7	0.00	380,000	0	0	380,000
A-C 13 Tourism Operating	8	0.00	930,000	0	0	930,000

CHANGE PACKAGE SUMMARY

601 Department of Commerce

Biennium: 2011-2013

Bill#: HB1018

Date: 01/13/2011

Time: 10:58:14

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
A-C 15 Tourism Grants	10	0.00	400,000	0	0	400,000
Total Ongoing Optional Changes		0.25	1,710,000	0	0	1,710,000
Total Optional Budget Changes		0.25	25,319,338	24,496,750	0	49,816,088
<u>Optional Savings Changes</u>						
A-G 10 Cost Savings Plan	1	0.00	(844,487)	0	0	(844,487)
Total Optional Savings Changes		0.00	(844,487)	0	0	(844,487)

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Change Group: A	Change Type: A	Change No: 1	Priority: 3
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Miscellaneous Changes

Miscellaneous budget changes relate to internal changes within a program. The amounts of the monetary changes are based on an analysis of historical budget data.

Change Group: A	Change Type: A	Change No: 2	Priority: 1
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Operation Changes

Operation budget changes relate to internal shifts of direction in day-to-day functions of the agency. Monetary line item increases will usually be offset by decreases within other line items.

Change Group: A	Change Type: A	Change No: 3	Priority: 2
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Program Changes

Program budget changes relate to the enhancement or reduction of services within specific program areas of the agency. Monetary increases in one program will usually be offset by decreases in another program.

Change Group: A	Change Type: A	Change No: 4	Priority: 6
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Capital Asset Adjustment

This adjustment is made to current appropriations to increase the appropriation for any new capital asset amounts.

Change Group: A	Change Type: A	Change No: 5	Priority: 7
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Cost to Continue Adjustment

This adjustment is automatically calculated to sustain payroll expenditures.

Change Group: A	Change Type: A	Change No: 22	Priority: 9
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Carryover Appn. Adjustment

This adjustment is made to the current appropriation to reduce the appropriation by the carryover amount.

Change Group: A	Change Type: B	Change No: 6	Priority: 8
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Base Budget one-time approp.

This adjustment is made in the appropriation request to seek funding for any proposed one-time adjustment amounts.

Change Group: A	Change Type: C	Change No: 13	Priority: 8
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Tourism Operating

Funding for increased research and and media.

\$130,000 would fund visitor profile research

\$800,000 would allow funding of the entire 2013 advertising campaign. This would simplify planning and increase value advertising and media efficiency. Currently Commerce can only afford to contrac and pay for half the campaign and must plan for a portion of the media to run after July 1st.

Change Group: A	Change Type: C	Change No: 14	Priority: 7
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Jobs for America's Graduates

PROGRAM:

Jobs For America's Graduates (JAG)

BUDGET REQUEST:

\$380,000 for the 2011-2013 Biennium

PROGRAM OPERATIONAL GUIDELINES:

The intent of this optional budget package request is to continue support for the four current JAG Pilots and expand the number of JAG programs by three additional schools during the biennium.

1. Continue to support the four JAG Programs (Williston Public Schools District #1, Boys and Girls Club, Newtown, Williston State College, and United Tribes Technical College at \$12,500 per year or \$25,000 for the biennium. \$100,000
2. Add three additional JAG Schools during the biennium at \$75,000 each for the biennium. (\$50,000 for year one and \$25,000 for year Two) \$225,000
3. Conduct Annual Statewide JAG Leadership Conferences and provide matching support for JAG Students to addend the National JAG Leadership Conferences in November of each year. \$55,000

BACKGROUND

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The Jobs for America's Graduates Program was initiated in North Dakota by the North Dakota Department of Commerce Workforce Development Division through the establishment of four separate "pilots".

JAG is a program which provides both mentoring and curriculum support to "At Risk" students identified as having potential to drop out of school. The program provides support to assist students complete school and connect with a career after school.

Under the current structure JAG statewide management is being provided and supported by the Workforce Development Division. There is an Affiliation Agreement in place with the JAG National. This Affiliation Agreement requires payment of an annual Affiliation Fee in the amount of \$15,000. This fee supports the training and technical assistance for up to ten (10) local JAG sites in North Dakota. The division has been using special funds to cover the cost of this affiliation agreement.

The division has been providing seed funding to the pilots which covers the salary and fringe benefits of a full time JAG Specialist in the amount of \$50,000 the first year and \$25,000 the second year. Some travel to national training conferences and leadership conferences can be supported if funding is available. This seed funding is coming from three separate funding streams: 1) Governor's Workforce Investment Act Set Aside, 2) American Recovery and Reinvestment Act, Workforce Investment Act Youth, and 3) American Recovery and Reinvestment Act, Vocational Rehabilitation Youth.

After two years of support, it is intended that the JAG Programs would continue with primarily local funding and support.

Change Group: A	Change Type: C	Change No: 15	Priority: 10
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Tourism Grants

Funding will be used for infrastructure grants.

SB 2018 directed the Tourism Division to create a system for ranking major infrastructure grants. The system has been reviewed by Tourism stakeholders (DMAND;TAP) and by Rep. Dosch, who was involved in the discussions last session. All parties feel there is a strong need. The 09-11 Legislature appropriated \$1,500,000 for major tourism projects through the Tourism Division budget. Past sessions have programmed significant dollars as well.

Change Group: A	Change Type: C	Change No: 20	Priority: 2
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Tourism FTE

Request for .25 FTE to bring a part-time employee to full-time regular status. This will not require any funds.

Change Group: A	Change Type: D	Change No: 7	Priority: 13
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BUDGET CHANGES NARRATIVE**601 Department of Commerce****Bill#: HB1018****Date:** 01/13/2011**Time:** 10:58:14

Optional one-time change

This optional change is a one-time request needed to fund a particular program/activity.

Change Group: A	Change Type: D	Change No: 11	Priority: 12
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ARRA Optional Request

This optional request is needed in order to receive the ARRA funds.

Change Group: A	Change Type: D	Change No: 12	Priority: 5
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Childcare Program

Provide funding to the childcare program.

The Child Care grant program will provide funding to North Dakota child care providers for start-ups and expansions and possibly to help with current operations. Eligible activities could include business plans, building, equipment and operating expenses. The actual parameters of the program will be developed in consultation with individuals and businesses involved in providing child care services.

The Child Care loan program administered by the North Dakota Development Fund (NDDF) received an appropriation of \$1,250,000 for the biennium of 2009 to 2011. NDDF has approved and funded to date (6-30-10) a total of \$499,041 in Child Care Loans. This leaves \$750,959 as unfunded. With one year remaining in the biennium for the program (June 30, 2011) the NDDF projects based on activity to date to expend the remaining \$750,959 by the June 30, 2011 ending date for the program.

The NDDF has also been working with the North Dakota Child Care Resource & Referral agency to promote the program. The agency has also referred clients to the NDDF. They have been a good partner in the process.

The NDDF has received numerous inquiries since the program started July 1, 2009.

Based on what the NDDF has funded to date and the people the staff has talked to there definitely seems to be a need for additional daycares in the state. Due to this the NDDF feels it is important to continue with the program. With the economic activity in the state along with the people moving back to the state there will continue to be a need for day care facilities in both the urban and rural settings in North Dakota in the future.

The additional funding will help keep the program liquid going into the next biennium of 2011 to 2013 to meet the demands of the day cares starting up, expanding or making improvements to their businesses. Without the additional funding the program may need to curtail its funding activity and advance amounts.

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The low interest rate loans and the flexibility of the program are keys to helping the day cares get started, expand and make improvements to their facilities as most day cares have tight operating budgets.

The inquiries, approvals and funding completed to date come from all around the state. The communities have included Bismarck, Fargo, Grand Forks, Edgeley, Stanley, Ellendale, Minot, Wahpeton, Park River, West Fargo, Mandaree, Kindred, Williston, Watford City, Dickinson and Casselton.

Change Group: A	Change Type: D	Change No: 16	Priority: 9
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Trade Office

Funding will be used to enhance the ND Trade Office mission. In order of priority:

1. Finance the resource management initiative to solicit, educate, and enable access to growth capital and a wider supplier network for established ND companies with substantial international expansion opportunities. This function is currently supported by an EDA grant. The EDA office in Denver is not optimistic about getting additional funding for 2011-2013 Biennium. The NDTO will continue to pursue additional EDA funding. Biennium cost \$163,000
2. Replicate the successful overseas representative business model in two additional countries to enhance/drive distributor and customer business identified during past trade missions. The countries with the most current potential are China and Uruguay. China as the gateway to all of the Southeast Asia and Uruguay as the gateway to South America. Biennium cost \$168,000
3. Increase reverse trade missions to facilitate sales and reduce the sales cycle timeframe. Data supports that outbound trade missions generate NDTO memberships, reverse trade missions generate the sales for member companies. Add one additional reverse trade mission per 6 month period. Biennium cost \$110,000
4. Enhance the student recruitment and internship program with select Universities to recruit and train foreign students in areas that will increase export potential for ND companies. International agribusiness, agricultural equipment and international management are priorities. Biennium cost \$20,000
5. Overhaul the information systems of the NDTO to increase the efficiency and client support. The cost includes a CRM program, training and technical support. Biennium cost \$28,000

Change Group: A	Change Type: D	Change No: 17	Priority: 11
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Skill upgrade program

BUDGET CHANGES NARRATIVE

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PROGRAM:

Underemployed/Low Wage Short-Term Training Assistance Program

BUDGET REQUEST:

\$400,000 for the 2011-2013 Biennium

PROGRAM OPERATIONAL GUIDELINES:

The program would follow the same procedures as a previously administered H1B Technical Skills Training Grant supporting nursing ladder Careers.

1. The Workforce Development Council along with the Workforce Development Division would identify those occupational areas which have a high incidence of demand and lead to salaries of \$35,000 or more, for which funding assistance would be made available to cover cost of tuition, training fees, and/or books. (The occupations must be in the private sector and would be limited to five or six major occupational areas).
2. Individuals, unemployed or working in occupations paying less than \$35,000 per year could apply for and qualify for this program.
3. Program funds would cover those programs which are not eligible for Federal Financial Aide. Individuals must take advantage of any federal workforce development assistance, scholarships, or employer training or tuition assistance before being eligible to receive funding under this program.
4. No payments will be made directly to the individual participant. All payments will be made to the training provider.
5. Individuals receiving funding assistance must certify their intent to seek employment in North Dakota.

BACKGROUND

Historically, based on Community Labor Availability Studies, 30% or more of the currently employed workforce considers themselves to be underemployed. Many are working several part-time jobs or working in jobs with not benefits and low wage.

This segment of the workforce represents the greatest threat of leaving the State if there employment status changes or the employment status of a spouse changes. They are interested in retraining for higher paying jobs, but do not have the resources available to cover the cost of training if it is available.

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Short term training does not qualify for federal student aid or loans and there are not other funding resources to help cover the cost of the training. Short-term training in high demand skill areas can cost \$4,500 or more for a 135 hour training program.

Developing a response to insure that short-term training is available, accessible, and affordable to underemployed and low wage workers was identified as a key priority the North Dakota Workforce Development Council and is a priority in the Consolidated Biennial Strategic Plan for Workforce.

Change Group: A	Change Type: D	Change No: 18	Priority: 4
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Workforce Enhancement Fund

The Workforce Enhancement Grant Program was enacted during the 2007 Legislative Session in an effort to help address the emerging workforce training needs of North Dakota business and industry.

In August of 2006, the ND Department of Commerce & the ND Workforce Development Council held a Strategic Planning Retreat "Workforce Development for Economic Development". The North Dakota Talent Initiative was adopted during the Retreat.

One of the primary considerations for the State and the delivery system was to provide **timely, customized, workforce training** to meet the talent demands for North Dakota business. (Provide what is needed, when it is needed). To support a demand driven response, it was recognized that funding is needed to support development curriculum, to purchase equipment and technology and to train or certify instructors to respond to the short-term training needs of North Dakota business and industry.

The Workforce Enhancement Grants provide a mechanism for the institutions of higher education assigned primary responsibility for workforce training in North Dakota to apply for funding to help create or enhance training programs that address workforce needs of private sector employers in North Dakota. Emphasis will be given to meeting the workforce needs of Target Industry employers and employers with high-skill and high-wage job opportunities in North Dakota.

Workforce Enhancement Grant funding may be used for curriculum development, equipment, recruitment of participants and training and certification of instructors. Funds may not be used to supplant funding for current operations.

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Workforce Enhancement Grant Projects require private sector participation and one dollar of matching funds for each dollar of state funds. Matching funds cannot be state funds and must be either funds from the private sector partners or funds facilitated through the collaboration of the private sector partners with other funding sources.

PROGRAM ELIGIBILITY:

Program eligibility is limited to those institutions of higher education who have been legislatively identified as having responsibility for delivery of employer focused training under the Workforce Training Program. Projects that reach out and are inclusive of other institutions of higher education, partner and stakeholder organizations, private and tribal colleges in developing their response and application will receive preference.

For projects that train new employees for business expansion and start-ups, trainees who successfully complete training must be given priority in hiring by the participating business.

If the occupation for which training is being conducted is covered by a collective bargaining agreement, union concurrence is required.

Projects must emphasize the creation or enhancement of training programs that address job skill training needs of private sector employers. To be considered for grant funding, only workforce development or training activities leading to **permanent** jobs or occupations which have significant career opportunities will be considered.

Projects must be developed with the full participation of business and industry. Preference will be given to projects that to address the most **the most urgent demand for skills in a region/ or portion of the state** and that **help remove a barrier to the expansion of a particular business/industry** where lack of available skills are impeding economic growth.

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Projects will require a least one dollar of matching funding for each dollar of state funding requested.

FUNDING ASSISTANCE:

Under the "Workforce Enhancement Grants Program", the ND Department of Commerce can make grants to eligible institutions of higher education to create or enhance, demand driven training programs to address the workforce needs of North Dakota's private sector. Priority will be given to those projects which address target industries and industries identified as having available high-wage, high-demand occupations.

Funding to projects that have been approved will be released upon verification and documentation that one dollar of matching funds is being provided for each dollar of state funds.

Change Group: A	Change Type: D	Change No: 19	Priority: 3
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Centers of Excellence

North Dakota's Centers of Excellence for Technology Based Economic Development & Entrepreneurship**Recommendations for the Future****Summary**

The Department of Commerce recommends a three pronged strategy to utilize North Dakota's universities and college to help drive economic growth:

1. Centers of Research Excellence(CRE) -- 75% of Total Funding

- Commercialization Grants - up to 50% to 75% of total funding
- Infrastructure Development /Grand Forks Air Force Base Realignment Grants – 15% to 20% of total funding
- Eminent Researcher Recruitment Grants – 10% to 15% of Total Funding

2. Centers of Entrepreneurship Excellence (CEE)-- 25% of Total Funding

The Department of Commerce proposes that oversight for the CRE and CEE programs be provided by the existing Centers of Excellence Commission with assistance from the Department of Commerce.

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3. Centers of Workforce Excellence (CWE) – \$1-2 million

The Department of Commerce proposes the oversight for the CWE be provided by the Department of Commerce as a modified form of the present Workforce Enhancement Grant Program.

Centers of Research Excellence**Commercialization Grants**

Centers of Research Excellence would be a more focused version of Centers of Excellence directed at North Dakota's two research universities. This program will build upon the success of the Centers of Excellence for Economic Development program and will work to increase the universities' ability to commercialize research.

Potential funding criteria could include whether a proposed project will:

1. Use university research to promote private sector job growth and expansion of knowledge-based industries or use university research to promote the development of new products, high-tech companies, or skilled jobs in this state;
2. Create high-value private sector employment opportunities in this state;
3. Provide for public-private sector involvement and partnerships;
4. Leverage other funding, including cash from the private sector;
5. Promote the commercialization of new products and services in industry clusters;
6. Become financially self-sustaining; and
7. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

This program area would be open to the two research universities and their associated foundations and would require \$2 in matching funds from private and other sources for every \$1 of state funds.

Infrastructure Development /Grand Forks Air Force Base Realignment Grants

This program area would provide grants used to enhance infrastructure required to respond to research opportunities at North Dakota's research universities as well as opportunities associated with the Grand Forks Air Force Base. During the 2009-2011 biennium, \$10 million of Centers of Excellence funds were dedicated to enhancement grants which could be used for these purposes.

This program would be open to the two research universities and their associated foundations and would give preference to projects with leveraged funds from private and other non-state sources.

Eminent Researcher Recruitment

This program area would provide matching grants to North Dakota's research universities to assist in the recruitment of "star" researchers. This proposal could be patterned after Georgia Research Alliance's Eminent Scholar program which provides up to \$750,000 for an endowment, which must be matched on a minimum of 1-1 basis by private sources.

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Centers of Entrepreneurship Excellence

North Dakota currently has certified entrepreneurial centers in Grand Forks, Fargo, Dickinson, Bismarck, Wahpeton and Minot. Many, but not all, of these entrepreneurial centers are associated with a university or college. This program area would provide grants for entrepreneurial centers to assist entrepreneurs in four key areas:

1. Accessing capital
2. Marketing assistance
3. Entrepreneur infrastructure
4. Entrepreneurial talent

This program would build on a Technology-Based Entrepreneur Grant program currently being administered by the Department of Commerce which was appropriated \$1 million for the 2009-2011 biennium. Leveraged funds would be preferred, but there would not be a specific match required.

Centers of Workforce Excellence

The Department of Commerce currently administers the Workforce Enhancement Grant program. This program was created by the legislature in 2007 as an alternative to using Centers of Excellence funds to allow two-year colleges to respond to the workforce needs of private sector partners. Matching funds are required from private industry on a 1-1 basis.

This program was funded at \$2 million in the 2007-2009 biennium and was reduced to \$1 million for the 2009-2011 biennium. The Department of Commerce recommends that this program be restored to the \$2 million funding level.

Change Group: A	Change Type: D	Change No: 21	Priority: 6
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American Indian Business Office

Currently the American Indian Business Development Office is funded at \$100,000 per bienium. In the 09-11 bienium we have used these funds to compile a complete list of Native American owned businesses along with capabilities. We have also used the funds to conduct an analysis of opportunities and challenges for economic development on reservations. The, additional funding request is to provide a more substantial office that would function much like the North Dakota Trade Office in its governance model. In effect, it would be "owned" by the State and the Tribes, governed conjointly, and be staffed to provide direct procurement assistance, entrepreneurial training, etc. We envision a board comprised of state and tribal representative, but also consisting of a majority of Native American business owners. The exact mission would await the formation of this office as it is something we would like to engage the Tribes in. Technical assistance is the most valuable thing the state can provide the Tribes as we work with them on economic development. A stronger partnership is needed, and proposed office should go a long way toward creating joint mission, along with a stronger State/Tribal relationship.

Change Group: A	Change Type: E	Change No: 8	Priority: 5
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Remove Prior beinnium one-time approp.

This adjustment is made to current appropriation to reduce the appropriation by any one-time appropriation amounts.

Change Group: A	Change Type: F	Change No: 9	Priority: 4
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Remove capital assets

This adjustment is made to current appropriations to reduce the appropriation by any capital asset amounts.

Change Group: A	Change Type: G	Change No: 10	Priority: 1
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Cost Savings Plan

This adjustment is made to decrease the overall general fund budget request by 3%.

A budget reduction to the Operation Intern program of \$70,765. That equals 24 internship terms of \$3,000 each and has the potential impact to deny 24 businesses the opportunity to offer internships to 24 North Dakota students.

Commerce Admin would reduce operating costs by \$7,050.

The ND Trade Office funding would be reduced \$61,920. The largest cuts would be in trade missions. Trade missions and employee costs make up a majority of the budget. It is highly probable that the employee numbers will not go down due to the fact that the number of clients is climbing. As of today there are 72 member companies, up from 66 Jan. 1 2010. Based on the expected growth in member companies, by July 1, 2011 we will likely reach 80+ companies. To produce the reduction required, service to the member companies would be reduced. If the NDTO did 1-2 less trade missions, the 3% savings could be realized.

The American Indian Business Office funding would be reduced \$3,000. This would have no impact on existing programming because the funds for the current biennium have been utilized to inventory the number and nature of existing Native American-owned businesses and understand better the barriers to economic and business development on Native American Reservations in North Dakota. In the 2011-13 biennium, a 3% reduction would impact the amount of technical assistance available to assist Native American-owned businesses.

The Manufacturing Extension Partnership Office funding would be reduced \$28,500. Staff reductions would be necessary in the MEP system to achieve these savings.

The Center for Technology and Business funding would be reduced by \$6,150. This would result in less programming in the 2011-13 biennium to address community-based issues and computer literacy training.

The Small Business Development Center funding would be reduced by \$23,011. This reduction would result in fewer hours for small business services and make it more challenging to meet federal program requirements.

The Discretionary Funding would be reduced by \$27,842. This reduction would mean less funds available to provide technical assistance and cost share grants to communities attempting to attract companies or to address infrastructure issues as a result expanding local business or industry.

The operating budget for the Office of Innovation and Strategic Initiatives would be reduced by \$15,117 and grants by \$30,000. These changes would reduce the number of Office of Innovation staff that would be able to attend the State Science and Technology Institutes' annual conference. This conference offers us the opportunity to learn best practices from other similar programs across the country. The grant reduction would impact the number of technology-based entrepreneurs that could be assisted.

The Tourism operating funding would be reduced by \$273,200. In order to maintain our current level of marketing the 100% budget had to be trimmed to allow a continuing advertising presence. The additional cuts in tourism will result in a decrease in marketing for the state of ND. 94% of the cuts will go to direct sales, advertising, media relations and related costs. The remaining 6% are marketing support services like IT and administration. The cuts would include: decreased production of travel and hunting and fishing guides, elimination of research used to determine marketing strategies, cuts in photography and film, fewer advertisements run in our

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target markets and the elimination of trade shows and sales missions. ND Tourism budget currently ranks near the bottom with only five states reporting smaller budgets for 2010 despite drastic budget cuts due to the current economy. Our regional competitors (SD, MT, MN, WY) continue to work with budgets over double that of ND. Research has determined that tourism advertising is an excellent investment for the state with unrivaled rates of return.

The Workforce Development operating budget would be reduced by \$105,000. This amount was in the 2009-2011 budget to cover a State of the ND Workforce report and for the Governor's Workforce Summit. The Workforce report was never commissioned and the Governors Summit has always been self sustaining.

A reduction in the ED Initiative program will result in a \$5,605 decrease in funding used to support Industry Strategy Development. This funding is key to assist in identifying target industry sectors around which Commerce focuses its programming. This funding also supports broader strategy development amongst stakeholders across ND, and thereby providing a targeted direction for Commerce activities and initiatives which will provide new opportunities for communities and individuals across the state.

ED&F operating funding would be reduced by \$80,838. This will result in a significant reduction in ED&F's ability to utilize consulting services that aid ED&F in its new business attraction and development efforts for the state. A reduction in these services will impact the state's efforts to maximize opportunities in targeted niche industries, such as unmanned vehicle systems, wind energy equipment manufacturers and other emerging and growing industry sectors. This will also result in a significant reduction in ED&F's ability to engage consulting services. ED&F engages the services of expert consultants that assist the state in capitalizing on opportunities in specific industry sectors to attract and develop new businesses and employment in ND. This will limit ND's exposure to new business development opportunities in priority target industries. The travel budget would be reduced which would mean that only one staff member, instead of two, could attend a national C2ER conference. C2ER provides training for community and economic development researchers. Software costs would also be reduced by eliminating the purchase of a software program that would allow us to display maps for use by individuals who have not been trained in formal mapping programs. A reduction in operating fees would not allow us to continue to conduct studies comparing taxes for certain industries to help give prospects a more detailed picture of business costs in ND as compared to other states.

A reduction in APUC's grant funding of \$50,599 would impact the level of support that can be provided towards the diversification and expansion of value-added ag development in ND. APUC is one of the only granting programs the state has to grow our ag processing industry. The funding for APUC has been decreasing every year and at a more rapid pace in recent bienniums. This cut would decrease the number of new and expanding business ventures APUC could support in ND: 1 to 3 less businesses are not going to receive assistance which could result in fewer new jobs and less economic activity for the state.

Community Services operating funding would be reduced by \$55,890. This reduction would decrease the amount available for staff travel; both in-state and out-of-state.

Change Group: R	Change Type: A	Change No: 1	Priority:
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Trade Office

Provides \$489,000 from the general fund to enhance the ND Trade Office operations as follows:

- Contract or hire a logistics strategist to identify transloading opportunities for industry or business as a whole.
- Contract or hire an economic investment equity coordinator to assist with capital formation.
- Replace grant funding not anticipated to be available in the 2011-13 biennium.
- Expand North Dakota's overseas presence in two additional countries.
- Increase reverse trade missions to facilitate sales and reduce the sales cycle timeframe.
- Enhance the student recruitment and internship program.
- Overhaul the information systems to increase the efficiency and client support.

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Change Group: R	Change Type: A	Change No: 2	Priority:
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Tourism FTE

Authorizes an additional .25 FTE to bring a part-time employees to full-time, regular status. Necessary funding will come from within the agency's base budget.

Change Group: R	Change Type: A	Change No: 3	Priority:
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Jobs for America's Graduates

Recommends \$100,000 from the general fund to continue support of the four existing Jobs for America's Graduates (JAG) programs at \$12,500 per school for each year of the biennium.

Change Group: R	Change Type: A	Change No: 4	Priority:
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Division of Energy

The Governor's budget recommendation includes the creation of a new Division of Energy within the Department of Commerce. The division will be responsible for promoting of energy development within the state, handling energy infrastructure issues, and managing renewable energy programs. The \$600,000 general fund appropriation will fund 2.0 new FTE for a division director and administrative support staff, as well as contracted professional services and other operating expenses.

Change Group: R	Change Type: B	Change No: 1	Priority:
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WorkKeys

Work Keys is an assessment tool to identify work-related skills that can be used by employers when hiring for specific jobs. The assessment can also be used to identify education and training needs for employees, as well as for students entering the higher education system. The Executive Budget includes \$125,000 from the general fund to develop a statewide marketing effort to educate employers on the Work Keys program and create demand for its use as an assessment and recruitment tool with business, as well as individual demand in education and training settings.

Change Group: R	Change Type: B	Change No: 2	Priority:
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Education Commission - Childcare Development Grants

As recommended by the Commission on Education Improvement, the Executive Budget provides \$150,000 from the general fund for grants to individuals working in the childcare industry who wish to obtain a Child Development Associate credential. Funding will allow for grants of up to \$1,200 per person for 125 individuals.

Change Group: R	Change Type: B	Change No: 3	Priority:
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Centers of Excellence

The Governor recommends \$20.0 million from the general fund for a restructured Centers of Excellence program that will utilize North Dakota's universities and colleges to help drive economic growth. Funding will be targeted as follows:

1. Centers of Research Excellence - \$13.0 million

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- Commercialization and research talent attraction grants - up to \$10.0 million.
- Infrastructure Development /Grand Forks Air Force Base Realignment Grants – up to \$3.0 million

2. Centers of Entrepreneurship Excellence - \$5.0 million

This program would build upon the \$1.0 million technology-based entrepreneur grant program initiated in the 2009-2011 biennium. Assistance would be provided to entrepreneurs in the areas of accessing capital, marketing, entrepreneur infrastructure, and entrepreneur talent.

3. Centers of Workforce Excellence – \$2.0 million

Previously known as the Workforce Enhancement Grant program, this renamed program will continue to allow two-year colleges to respond to the workforce needs of private sector partners.

Change Group: R	Change Type: B	Change No: 4	Priority:
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Childcare Facility Grants and Loans

The Governor recommends funding of \$920,338 from the general fund to continue both the child care grant and loan programs established in the 2009-11 biennium. Grant funding of \$500,000, loan funds of \$400,000 and \$20,338 of administrative costs will enable the program to continue providing financial assistance to individuals and businesses to start and expand operations.

Change Group: R	Change Type: B	Change No: 5	Priority:
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American Indian Business Office

The Executive Recommendation includes \$100,000 to enable the American Indian Business Office to contract for services to assist Native American owned businesses with procurement opportunities and job training.

Change Group: R	Change Type: B	Change No: 6	Priority:
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ARRA Carryover

Carryover of American Recovery and Reinvestment Act (ARRA) grant awards that are still available in the 2011-13 biennium.